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ABSTRACT

The Institute for Minority Business Education was created to upgrade the ability of personnel in minority business and economic development organizations to train minority clients in the application of successful business techniques. To identify the needs of the target population, an extended planning period included the establishment of a data bank and the appointment of an advisory board. Following the planning phase, information and training activities were initiated, and manuals were written and distributed to minority economic and business development organizations. The training phase consisted of five regional seminars, each of 2 days duration in different parts of the country. The overall program documented the acute shortage of qualified minority business and economic development personnel and the need for affording target organizations continuous assistance in this area. It established specific priorities for adapting existing publications for use by minorities and developing new materials. The Institute concluded that it would be feasible to use several advanced organizations as laboratories where new techniques identified or developed by the Institute may be applied and evaluated. (Author/JS)

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FINAL REPORT

Project No. 9-0658

Contract No. OEC-0-9-180658-4630 (057)

INSTITUTE FOR MINORITY BUSINESS EDUCATION

RICHARD MADISON

Howard University
Washington, D.C. 20001

June, 1972

National Center for Educational Research and Development

Office of Education

U.S. DEPARTMENT OF

HEALTH, EDUCATION, AND WELFARE

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SUMMARY

The Institute for Minority Business Education was created to upgrade the ability of personnel in minority business and econ mic development organizations around the country to train minority clients who are potential and actual businessmen in the application of successful business techniques. To identify the needs of the target population, an extended planning period was necessary including the establishment of a data bank based on responses to questionnaires sent to business and economic development organizations, and the appointment of an advisory board to the Institute. The planning phase was followed by information and training activities. Subjects for manuals were identified and selected, and the Institute published and distributed documents for use by minority economic and business development organizations. The training phase consisted of five regional seminars, each of two days duration in different parts of the country.

The overall program documented the acute shortage of qualified minority business and economic development personnel and the need for affording target organizations continuous assistance in this area. It established specific priorities for adapting existing publications for use by minorities and developing new materials. The Institute also concluded that it would be feasible to use several advanced organizations as laboratories where new techniques identified or developed by the Institute may be applied and evaluated.

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National Center for Educational Research and Development

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HEALTH, EDUCATION, AND WELFARE

PREFACE

For much of modern history the minority businessman has been isolated from the larger economy and from the public and private resources that are required to participate meaningfully in the American economic system. This institutional isolation limited the nature, size and number of successful businesses owned by minority individuals. More importantly, it greatly restricted the participation of minorities in the other activities in society such as politics.

Developments during the decade of the "sixties" made it imperative that the economic and other aspects of minority community life receive increased attention. A variety of governmental and private programs were initiated, one of which was the United States Government's Project Own (now Project Mainstream), started in 1967. Through this project led by the Department of Commerce and the Small Business Administration, the United States Government seeks to encourage minority business ownership by providing grants, loans and other assistance to entrepreneurs and to community organizations carrying out business development programs. In the private sector, corporations and foundations have become increasingly involved.

The 1968 presidential campaign debate focused considerably more attention on business activity as a necessary adjunct to the political, social and other economic pursuits of minority groups. An outgrowth of that discussion was the action by the present administration to raise the organizational and policy status of the minority enterprise program within government.

The most obvious indication of this was the creation by executive order of the Office of Minority Business Enterprise (OMBE) in the Department of Commerce to coordinate the activities of all agencies of government as they relate to minority enterprise development.

Other agencies of government such as the Office of Economic Opportunity (OEO), the Small Business Administration (SBA), the General Services Administration (GSA), and the Economic Development Administration (EDA), increased their visibility in the area of minority business programming.

One of the results of increased governmental, corporate and foundation interest in minority enterprise was the

proliferation of minority business and economic development programs at the community level. Over the past four years many new minority business development organizations have been formed. The organizations which existed prior to Project Own such as the Interracial Council of Business Opportunity (ICBO), the National Business League (NBL), and the National Urban League (NUL), have become even more active. Expansion and acceleration of programs in minority business development pointed up a condition recognized in theory but not dealt with pragmatically, i.e., the shortage of experienced, competent, broad gauged personnel to provide business leadership in minority communities. An aggravating factor was the absence from the public and private sector programs of a means of systematically increasing the number of trained business leaders equipped to provide operating personnel with the general and technical information required for program effectiveness.

An insignificant proportion of the funds spent on minority enterprise went toward the essential functions of research and training. To remedy this situation the Task Force on the Cause of Minorities in Business, an ad hoc committee comprised of representatives of thirty minority business development organizations with multi-city programs, convened under the auspices of the National Business League, requested that the Government, through the Office of Minority Business Enterprise make funds available to provide research, information, training services, and operating guidelines to minority economic and business development groups. The Office of Minority Business Enterprise was successful in obtaining $200,000 through the Office of Education, Department of Health, Education and Welfare for a period of 15 months.

The Institute for Minority Business Education was established at Howard University, Department of Business Administration in July, 1969. The original agreement between the Office of Education, HEW, and Howard University was scheduled to expire September 30, 1970. It was extended to December 31, 1970, and later to July 15, 1971, with no additional funding.

The activities described in this report were carried out under the immediate direction of George H. Robinson, Executive Director and Richard Madison, Deputy Executive Director. Other professional staff who contributed greatly to developing the concept and implementing it were: Leonard M. Black, Training Officer; Grace W. Madison, Research Officer;

Dennis Wynn and Josephine A. Travathan, Information Officers, and Maurice Thomas, Librarian.

Responsibility for preparation of this report has rested with Richard Madison, the Deputy Executive Director.

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INTRODUCTION

It has been said that the primary interest of America is business. Although there might be some exaggeration in this statement, no doubt there is also a great deal of truth in it. The owners of capital resources exert an enormous impact on decision-making in the political and social areas as well as the economic areas of our society. Likewise, a great deal of the nation's public and private energy and resources are devoted to furthering the concerns of business.

The lack of involvement of minorities in the American economy as owners and managers of business enterprises kept them from participation in many of the important areas of decision-making in society. Minorities now own an estimated one-half of one percent of the business assets of America, which is insignificant in its impact on the total economy. To be sure, even if business ownership were increased to the proportion to which minorities are represented in the total population-approximately 15% - not all the disabilities set forth above would be removed. However, much would be done to reduce the racial tensions and correct the wrong caused by systematic exclusion of a major segment of the population from a central activity in the American society, i.e., owning and managing a business.

The increased interest in giving minorities "a piece of the action" on the part of government and private economic power centers is laudatory. However, to realize significant results in bringing about minority ownership there is first the need to determine exactly what problems are involved. Broadly speaking, the problems divide themselves into two groups:

Group Number One: Problems in this group are primarily problems to be solved by the majority population. They have to do with (1) providing adequate capital, for it is the white population that controls the capital resources; (2) removing the obstacles to entrance onto certain markets; (3) providing certain economic protection in the domestic market peculiar to the requirements of small new enterprises. This protection may be akin to the quotas placed on oil imports from foreign countries, or they may be 5-10 year tax "holidays," or other specifically directed financial incentives and subsidies.

Group Number Two: Problems in this group must be solved primarily by the minority community. They are related to the personal and technical competence of entrepreneurs and business development

personnel and the economic institutions the community is willing to establish and maintain. Among the specific responsibilities the minority community must undertake are: (1) providing qualified entrepreneurs; (2) providing technical support to the entrepreneurs to offset their personal deficiencies both in the process of establishing the enterprise and in its early operation -- until such time that earnings allow employment of the required technical consultants; and, (3) making available inservice training for management and employees. To carry out these responsibilities the minority community will usually require financial and technical aid from the majority community and government.

Unfortunately those who initiated the efforts to give minorities a "piece of the action" viewed the problem mainly in terms of issues in Group Number One. To be sure, much remains to be done to solve the problems in finance and marketing. However, a great deal of effort has been expended by public and private bodies in developing entrepreneurial opportunities for minorities, establishing special procurement (market) arrangements, creating Minority Small Business Investment Companies (MESBICS) as sources of loan and equity capital, and encouraging corporations, foundations and financial institutions to make more money available to minority enterprises. Of course, much remains to be done, but a start has been made.

There is apparently an underlying assumption that the local minority communities could reproduce qualified entrepreneurs and provide technical support for them.

Neither Project Own nor Project Mainstream fully recognizes the long history of Black exclusion from business ownership, and limited experience in business and financial institutions resulted in a dearth of minority persons capable of starting business ventures.

A recent study of businesses in seven cities by Flournoy Coles of Fisk University for the National Business League,[1] revealed that the average Black businessman is only a high school graduate with no specialized study in business or economics. Similar findings were made by Pact, Inc. in the San Francisco Bay area.[2] Obviously these persons require considerable management support and training to acquaint them with modern business techniques. Hence they must depend largely on community business development organizations to provide the assistance they need.

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[1] Flournoy Coles, An Analysis of Black Entrepreneurs in Seven Urban Areas, National Business League Study, November, 1969.

[2] Black Business in San Francisco, Pact, Inc., San Francisco, California, 1968

Ominously, in five regional meetings including about 200 local business development specialists, the Institute found that over two-thirds had no business education or experience before being employed as business developers with their local organizations. The median years of experience as business developers of the group was three years.

As qualified entrepreneurs are discovered, packaging their venture and providing follow-up services is a complex task. Those in the community charged with these tasks must be highly qualified.

Under the terms of the agreement with the Office of Education, the Institute agreed to: provide minority economic organizations, educational institutions, small business centers and others with the technical capability to assist minority prospective and business owners in the following ways:

1. Identify and have trained people who desire to enter business as owner-manager.

2. Identify and have trained people in business who can or want to expand and/or diversify.

3. Identify the need for specific businesses and match up financial resources, a specific business and adequate management.

4. Identify and adapt business techniques, which have proved successful when used by majority business, to the needs of minority business.

5. Identify public, corporate and other resources available to minority business people.

6. Assist minority business owners to grow through achievement and improved management policies and procedures training.

7. Assist minority owners and prospective owners in getting into the mainstream of business.

8. Work through channels with minority owners and prospective owners in inner cities, smaller cities and rural areas.

9. Be prepared to aid minority economic organizations with specific minority business problems presented to the Task Force organizations for solution.

10. Maximize use of educational institutions by majority business people in securing management training and assistance.

11. Assist minority students at high school and collegiate levels to become acquainted with business as a possible vocation.

Prospective and actual minority business people have many needs which must be met before they can use to advantage public and private programs and fully employ their natural abilities for success in business. Among them are: (1) business opportunities; (2) realistic understanding of the opportunities for management training, employment and eventual ownership; (3) achievement motivation which will encourage the minority to seek vocational experience in business; (4) realization that the general market offers the greatest opportunities to minority business owners for success; (5) better appreciation of the value of records which are an important key to securing financial assistance; (6) greater availability of financial aid in forms immediately useful; (7) review of general business policies and procedures commonly used in the general market to determine the extent they help or hinder the new small minority business owner; (8) cooperation between white experienced management and minority inexperienced; (9) improvement of labor union policies and procedures relative to accepting minority members; (10) specific opportunities which exist for new businesses, how to start and successfully operate the[m]; (11) new ideas, institutions, and devices which will dire[ct]ly assist the minority businessman accomplish his objective of [o]perating a profitable business.

During the past five years a considerable number of minority economic development organizations have been established to assist minority businessmen in meeting the above needs. Preliminary results from a national survey conducted in June, 1970, by the Institute for Minority Business Education indicate that there are more than 500 organizational units engaged in some aspect of minority economic development. Approximately 200 of the total number have significant programs in business development.

Business development center personnel are at the forefront in providing leadership to their communities in the area of minority economic and business development. Two handicaps are apparent,

however, which reduce their potential effectiveness; (1) a shortage of operating funds and, (2) a lack of management, technical and general knowledge about business and its growth.

This report covers the process by which the Institute for Minority Business Education began to establish a model program through which the capability of business development center personnel could be systematically up-graded. The Institute has done this through determining the characteristics of organizations now involved in minority economic development; defining their needs using information presented by them: developing management, technical and general informational materials to meet their needs and conducting regional training seminars.

This report is mainly concerned with the process by which the Institute has demonstrated the need for a service activity aimed at local business and economic development organizations in the country and the initial steps taken to begin serving those organizations. Some important results have already been achieved in terms of initiating training and publishing manuals. However, the most valuable portion of the Institute's efforts will be indirect and long term. This is in keeping with the prevailing view of economic development as a starting point for initial contact with the target population.

ORGANIZATION METHODS

One of the first problems the Institute encountered in establishing a program to assist business development organizations was determining what organizations exist and their locations, activities and needs. In order to obtain that information a list of 550 organizations engaged in some type of economic development activity in the Black and Mexican-American communities was compiled from sources provided by the Office of Minority Business Enterprise (OMBE), the Small Business Administration (SBA), the Economic Development Administration (EDA) and the Office of Economic Opportunity (OEO). It was recognized that this listing was incomplete. However, in the absence of a census of minority economic development organizations it served as a starting point for initial contact with the target population.

Questionnaire Prepared

In September, 1969, a four page questionnaire consisting of twenty-nine questions requiring eighty-five entries was sent to the organizations on the list. (See Appendix A). The questionnaire elicited information relative to size, activities, staffing and finances of the organizations. From the responses IMBE was able to identify those organizations with significant programs of minority business development toward which to direct its efforts. Also the time of establishment, the number of personnel, diversity of programs, and level of financing were all significant.

RESULTS OF SURVEY OF BUSINESS DEVELOPMENT ORGANIZATIONS

Is this a non-profit organization	Yes	136
	No	23
		159
What is the single major source of operating funds?		
	Government	55
	University	3
	Private Investment	29
	Foundation	23
	Church	6
	Other specify	41
Type of Organization	Corporation	113
	Partnership	0
	Unincorporated firm	14
	Other specify	30
How long has the organization been operating		
	1 year or less	14
	More than 1 but less than 2 years	33
	More than 2 but less than 3 years	16
	More than 3 but less than 4 years	12
	More than 4 but less than 5 years	17
	5 to 9 years	21
	10 or more years	32
How much is your current annual operating budget	Less than $5 000	7
	$ 6 000 - $10 000	5
	$ 11 000 - $25 000	6
	$ 26 000 - $50 000	14

	$ 51,000 - $ 75,000	6
	$ 76,000 - $ 100.000	13
	$101,000 - $ 150,000	19
	$151,000 - $ 200,000	3
	$201,000 - $ 500,000	26
	$501,000 - $ 1,000,000	8
	Over $1,000,000	15
What percentage of this amount is used in the development of minority business?	100%	44
	75%	17
	50%	7
	25%	25
	None	46
How many regular, full-time salaried staff members are in your organization? (Do not include clerical)	None	10
	1- 2	27
	3- 5	46
	6-10	17
	11-20	13
	21-30	5
	More than 30	25
How many regular, part-time, salaried staff members are in your organization? (Clerical not included)	None	77
	1 - 2	33
	3 - 5	15
	6 -10	7
	11 -20	6
How much of your services were performed by volunteers during the past 12 months?	76-100%	16
	51- 75%	10
	26- 50%	36
	1- 25%	65
	None	24

16

Who provides the volunteer services? (Mark all that apply)	Local businessmen	94	
	Professional accountants	72	
	Lawyers	79	
	Business teachers	48	
	Business students	63	
	Community organizers	66	
	Major business firms	72	
	Retired businessmen	40	
	Others, specify	42	
Do you hire consultants?	Yes	89	
	No	58	
Which of the following phrases best describes your program?			
Economic development program engaged primarily in assisting information and expansion of enterprises for minority groups		66	
Economic development program engaged in variety of community activities including business development, job training, etc.		58	
	Other, explain	47	1 /
Which of the following activities are included in your program? (mark all that apply)	Starting new businesses	121	
	Expanding existing businesses	118	
	Seeking business opportunities for experienced business owners	86	
	Promoting joint ventures	85	
	Training local business owners in management	81	

Training prospective businessmen		
Training unemployed	52	
Resource center for business information and referral on day-to-day problems	85	
Community developemnt, i.e., referral service for business health, education, youth programs, etc.	71	
Other, specify	39	2 /

Which types of businesses have you assisted? (mark all that apply)

Manufacturers	91	
Wholesalers	71	
Retailers	112	
Building contractors	97	
Finance, insurance, and real estate	60	
Services	110	
None of these	11	
Others, specify	21	3 /

Mark all of the federal government programs designed to promote minority business development which you have utilized

SBA loan programs	112	
SBA procurement program	64	
SBA local development program	58	
HUD housing development programs	54	
Dept. of Labor training programs	56	
EDA loan programs	37	
EDA technical assistance programs	57	
None of these	13	
Others, specify	23	4 /

18

Mark all types of services you provide

Prepare loan applications	95	
Make direct loans	44	
Make loan quarantees	49	
Serve as liaison for processing loans, insurance and bonding (circle each)	78	
Prepare loan packages	76	
Channel equity money	41	
Develop accounting systems	70	
Provide tax services	40	
Provide legal counseling	54	
Conduct training seminars for business owners	13	
Conduct training seminars for potential business owners	57	
Organize trade associations	36	
Prepare feasibility and market studies	77	
Evaluate proposals for new ventures	96	
Promote joint ventures	77	
Match potential entrepreneurs with business opportunities	89	
Channel government procurement contracts	52	
Encourage industry to set up subsidiary plants in inner-city communities	50	
Planning for development of consumer cooperatives, shopping centers or industrial parks (circle each)	50	
Promote franchises	59	
Promote chain store-type operations	34	
Other, specify	16	5 /

The tabulations indicated several important factors, which were supported by the advisory committee discussion. First, it was clear that most of the business development organizations were non-profit and were supported by government, church or foundations contributions. This is quite different from the way business development is supported in the general economy. Secondly, a majority of the organizations had regular full-time salaried staff of less than twenty persons and depended heavily on volunteer technical assistance. Approximately 113 of the 159 which responded to the questionnaire had been established less than ten years. More than 120 of the respondent organizations were engaged in the most difficult aspect of business development, i.e., starting a new business, and expanding existing businesses.

A comparison of the activities with the length of time the organizations have been established indicated a lack of experience in this complex field by most organizations. This in turn implied that training was one of the most urgent needs among the business development organizations.

Advisory Board Established

During the first months of the program an advisory board composed of persons prominent in the field of minority business development was organized (See Appendix K). Among the members were representatives from the Federal Government, businessmen and officials of local business development organizations. A list of the advisory board members follows:

Richard Austin (Chairman)
Wayne County Auditor
Detroit, Michigan

(Mrs) Del Goetz Behrend
Director, Business &
Economic Development
Pact, Inc.
San Francisco, California

Darwin Bolden
National Director
Interracial Council for
Business Opportunity
New York, New York

Garland Guice
Executive Director
Chicago Economic Development Corporation
Chicago, Illinois

James Hurt, President
Vanguard Bond & Mortgage Company
St. Louis, Missouri

Jerome Hutchinson
Vice-President
Jonah Enterprises, Inc.
Louisville, Kentucky

Newton Downing
Chief, City Program Branch
Office of Minority Business Enterprise
U. S. Department of Commerce

Arthur McZier
Assistant Administrator for Minority Enterprise
U. S. Small Business Administration

William R. Morris, Director
Housing Programs - NAACP
New York, New York

David E. Rice, Associate Director
National Urban League
Washington, D. C.

Forrest Parr, President
Business & Job Development Corporation
Pittsburg, Pennsylvania

John H. Wilson, Jr.
President - Feronce Company
Philadelphia, Pennsylvania

Program Development

Utilizing the survey responses and other research the staff prepared a working paper setting forth proposals for the initial activity of IMBE for discussion by the advisory board. The Advisory Board held its first meeting February 26, and 27, at Howard University. Ten of the thirteen members attended. (See Appendix K). In reacting to the working papers the advisory board emphasized three aspects of the Institute program operations:

1. that high priority be given to training business developers in the techniques of business packaging,

2. that all information disseminated by the Institute be tailored to problem solving; and,

3. that the program take a long term perspective, recognizing that little can be done in the area of education and training in the complex field of business development in one year.

Taking its cue from these recommendations, the Institute initiated its management and technical information program and, in July, 1970, printed its first newsletter followed in August by the first technical manual. In addition to disseminating information of a general and technical nature, these publications gave evidence to economic development organizations and universities that a new institute to serve their needs was now operational.

FINDINGS AND ANALYSIS

General Status

The Institute for Minority Business Education was established nearly three years after the national emphasis on minority economic development began through the Government's Project Own. By July, 1969, the field of minority economic activity had become highly fragmented at the local level. Although no accurate count has been made, an informal guess is that there are up to 1,000 local agencies with major activity related to minority economic development. Such disparate entities as Model Cities agencies, Community Action agencies (CAP), large corporations, Minority Enterprise Small Business Investment Companies (MESBICS), Community Development Corporations, Urban Leagues, church groups, universities, National Business League chapters, and many profit and non-profit independent business development centers make up what has come to be termed "minority economic development organizations." Under the prodding of the Federal Government more and more banks and corporations are becoming involved in the effort. Thus the fragmentation continues.

While the fragmentation is itself a problem for those attempting to keep track of developments, it is further aggravated by extreme compartmentalization. In July, 1969, there was virtually no exchange of program information among organizations involved in minority economic development. Information sources that did exist concerned themselves almost exclusively with information on business firms. This usually resulted in reports on businesses established or loans obtained without providing any insight into the techniques utilized to establish the enterprise or obtain the loan. Little analysis was done of what made the successful actions effective or how they could be used under other conditions in other cities. The absence of analysis and techniques of adaptation limited usefulness of the reports to the businessman and the economic development organization.

Before the establishment of the Institute for Minority Business Education, there was no national, systematic institutionalized arrangements for improving the quality of economic leadership in the Black and Spanish-Speaking communities. This situation existed despite the recognition by government groups themselves that there was a dearth of minority persons

with education and experience in the complex field of business and economic development. Very limited efforts at training business developers had been undertaken by the National Council for Equal Business Opportunity (NCEBO) and the National Progress Association for Economic Development (NPAED). However, those training programs were not even large enough to satisfy the needs of those organizations themselves.

The Office of Minority Business Enterprise, Department of Commerce, concentrated its attention primarily on developing opportunities in the private sector and within the Federal Government.

The Institute for Minority Business Education set out to remedy this deficiency in the national minority economic development effort by initiating a nationwide program of research, information dissemination, and training.

Information Dissemination

One of the most important functions of the Institute as set forth in the Scope of Work is to identify techniques that make for success in business and disseminate them to the minority community. In meeting the requirements of this provision a research and publication program was initiated.

Information disseminated to date can be divided into three categories: 1) technical manuals, 2) compilations, and 3) general information.

Technical Manuals - During the planning stage of the program, a list of fourteen technical assistance manual subjects was drawn up. The manual subjects were selected based on usefulness to the organizations, time that would be involved in producing the manual, and availability of materials. The list of subjects selected for manuals was:

1. Organizing a Minority Trade Association
2. Sponsoring Management Courses, Clinics and workshops
3. Establishing a New Business
4. Implementing an Awards Program
5. Conducting a Business Essay Contest for High School Students
6. Conducting Feasibility Studies

7. Techniques of Individual Business Counseling

8. Evaluating Entrepreneurial Talent

9. Applying for a Loan

10. Use of Consultants

11. Establishing a Shopping Center

12. Establishing an Industrial Park in the Inner City

13. Improving Advertising and Sale Promotion

14. Organizing a Business Development Center

One factor not adequately considered in planning the technical manual publication program was the availability of writers. As the program got underway it was discovered that several of the consultant writers the Institute desired to engage were not available. Secondly, where consultants were engaged the estimated time for completing a satisfactory manual was unrealistic. For these reasons the number of manuals published were fewer than orginally planned.

At the time of this writing two technical assistance manuals have been published and distributed to over 500 economic development organizations and libraries.

Those manuals which have been published and distributed as of June, 1971, are:

A Manual on Organizing a Minority Trade Association: This manual provides a comprehensive step by step discussion on how to form a viable organization among minority businessmen of the same trade. The manual discusses such practical matters as how to select the trade to be organized; how to contact prospective members; techniques of motivating the members; how to develop a beneficial program and how to establish the organization on a sound financial basis. The benefits of the association to the members and the member's responsibility to the association is clearly set forth.

Publication of this manual is a good example of a proven technique of business development widely used in the general economy which the Institute has identified, adapted to the needs of minorities and made generally available to minority economic development groups.

A Manual on Establishing an Industrial Park in the Inner City: This technical manual recognizes that most minority economic development activity takes place in the central city where space is at a premium and where the congestion and costs present special problems. The establishment of industrial parks to attract and localize industry is well known to the general economy. This manual treats the problems of financing, transportation, utilities and other services and layout in a detailed fashion. The viewpoint of establishing an industrial park in or near the ghetto is a realistic adaptation of the technique.

Compilations. Some of the most eagerly received material disseminated by the Institute were compilations of information that existed in a form that prevented it from being widely available in a useful form. Three such items published by the Institute are:

1) Profiles of Industries Offering Opportunity for Minorities: This is a three volume analysis of over 100 business categories which minorities might be able to enter relatively easily and operate profitably. The "Profiles" were originally published by the Small Business Administration but were given limited distribution in the minority community. The volumes give the capital requirements, managerial problems, marketing considerations, personnel requirements, assistance available and special factors affecting minorities for business in manufacturing, retail, services, and wholesale.

2) The Negro in the Field of Business: An Annotated Bibliography: This publication gives a comprehensive listing of books, magazines, and articles which have been written about the Negro and his relationship to business enterprise. A brief synopsis of the contents of each item is included. Over 600 of the bibliographies have been distributed to libraries, organizations, and individuals. This bibliography is supplemented each month through distribution of ACCESSIONS - a list of new book additions to the Howard University Business School Library.

3) A Directory of Black Business Directories: The directory of directories lists all the city Black business directories published around the country with the name and address of the organization which compiled the directory. No attempt was made in this publication to evaluate the quality or completeness of the various directories listed. A follow-up study is planned on directories with a view toward establishing an outline of the

minimum information that organizations compiling directories of minority businesses should include.

General Information. In the category of general information the Institute began in July, 1970, publication of a monthly newsletter called PROFITS. The purpose of this newsletter was to provide information of developments in the Government and elsewhere which had program relevance for minority economic development organizations. Activities of Small Business Administration, the Office of Minority Business Enterprise, and the Office of Economic Opportunity received special attention.

Announcements of the Institute's publications and brief reports on the Institute's activities were also featured in the newsletter.

Copies of all publications mentioned in this section may be obtained from the Institute for Minority Business Education, Howard University, PO Box 111, Washington D.C. 20001.

Training

The training aspect of the Institute's program was initiated near the end of 1970. The subject of "The Techniques of Business Packaging" was presented in four regional seminars. The basic format was that of small group discussions under direction of experts in the field. The subject was broken down into four workshop sessions.

1 Utilizing Government and Private Programs

This workshop discussed the practical application of assistance available through the Small Business Administration, the Office of Minority Business Enterprise, the Economic Development Administration, the Department of Labor, and the Office of Economic Opportunity. In relation to the private sector emphasis was placed on the services and financial assistance offered by banks, foundations, and corporations. The effective use of volunteer technical assistance was also explored.

2 Analyzing Financial Statements

A number of financial statements must be prepared to provide a visual presentation of the financial feasibility of a business venture. This workshop discussed the techniques and operations involved in determining the capital requirements of a proposed venture, the types of financing available and selecting the appropriate combinations; the use of business and personal collateral and computing and analyzing business ratios.

Cash flow statement and pro forma balance sheets were analyzed.

3. Conducting Feasibility Studies

The technique of compiling the information necessary to determine the viability of the proposed venture was the concern of this workshop. Such factors as evaluating managerial talent, determining availability of market and the ability to reach it, site location, and financial feasibility were discussed.

4. Designing Management Systems and Operating Procedures

This workshop was established with the belief that the plan for managing the enterprise should be developed before the doors are opened. Discussion in the workshop centered on the organizational structure, employment policies, marketing plan, merchandising plan, accounting and fiscal system, inventory control, and purchasing procedures. (For detailed outlines see Appendix B).

The sites for the seminars were carefully selected to provide an isolated setting where intensive attention to subject matter could be given without interruption.

Letters of invitation were sent to approximately 300 organizations. (See Appendix C). The letter indicated the date, location, and scope of the seminar. The Institute also offered to defray part of the expenses of the participants in cases where participants could not otherwise attend. In the five regional seminars, a total of 189 business developers representing 139 economic development organizations were present. (See Appendix D).

In addition to covering the subject of business packaging the Institute was able to compile a comprehensive list of problems confronting the organizations represented at the seminars. The list of problems was sent to organizations that did not attend the seminar for their reaction.

Evaluation of the seminars by participants also included a listing of subjects they desire to have presented at future meetings. Among the subjects listed were: 1) Sources of Financing and How to Obtain Financing; 2) Proposal Writing; 3) Marketing Techniques; 4) How to Organize a Business; 5) Developing a Training Course for Staff Development.

Seminars

In the training program five regional seminars were conducted during October, November, and December under the following schedule:

October 15-17	Central Region	Racine, Wisconsin
October 29-31	Southern Region	Atlanta, Ga.
November 13-15	New England	Durham, N.H.
November 30		
December 1	Middle Atlantic	Warrenton, Va.
December 7-8	Western Region,	San Francisco, Cal.

Four of the seminars were on "The Techniques of Business Packaging." A fifth one was held on "Strategies for Minority Economic Development", because the Western states had already held a seminar on business packaging.

Rationale for Seminars. One of the reasons often put forth by financial institutions for not providing adequate money to minority entrepreneurs is that they lack management skill and that competent technical support is not available to them in the community. Also many businesses fail because of poor management. Furthermore, minority economic growth has been hindered by the lack of information on interested, capable entrepreneurs and available business opportunities. One economical way to improve the performance of entrepreneurs on a national basis is through the many local economic development groups that have sprung up to assist minorities. Some are pursuing strictly traditional methods, others are experimenting with new approaches to give minorities "a piece of the action."

However, in nearly all cases, management and technical expertise sufficient to maximize its productivity is inadequate. The reasons for the shortcomings in the minority economic leadership are many and some quite complex. The most important reasons are: 1) the limited economic and business experience in the minority community resulting largely from racism; 2) the failure of public and private agencies to consider economic leadership training an essential element in minority development; 3) inadequate salaries to recruit and hold trained minority economic developers resulting in a brain drain to "establisment" corporations and institutions; and, 4) the slowness

of universities to develop the kind of program that would prepare economic and business school graduates to function effectively in leadership roles in the Black, Brown, and Indian communities.

As a beginning effort to bridge the gap between the needs of the communities and the expertise of leadership in this field, the initial seminars had as their purpose: 1) increasing the understanding of local economic developers of the processes and procedures of moving a business idea from point of conception to establishment of a viable concern; 2) improving to a limited extent certain skills in analysis through use of actual cases; and 3)providing a controlled environment in which diverse organizations might exchange information and experiences. A subsidiary purpose was to allow the persons with primary responsibility for minority economic development the opportunity to define their own problems and propose solutions.

Facilities, Logistics, and Co-Sponsors. Three elements, in addition to substantive input, determine the overall success of conferences such as those planned by the Institute. Those factors are:

Facilities. They must offer a setting which will help concentrate the attention of the participants. Ideally one should be able to get away mentally as well as physically from the chaos of the cities. Where possible IMBE chose a site away from activity that would be a constant reminder to participants of work undone in their local offices.

Logistics. Since the ideal facilities are generally isolated the Institute attempted to minimize the inconvenience of getting to the facility and returning to airlines. The regional geographic limitations made driving to and from the site feasible for many participants. Where the sites were so removed from airlines that neither taxis nor private cars would accommodate all participants because of distance and expense, IMBE provided limousine service to and from airlines (e.g., Racine, Wisconsin, Central Region; Warrenton, Virginia, Middle Atlantic Region).

Co-Sponsors. The auspices under which organizations in this field are called together are quite important. This is true because many national organizations have called meetings, discussed problems and gone their way, with no meaningful action resulting. This has created a "credibility gap" between local and national organizations. Therefore it was deemed wise to have a "credible" local organization co-sponsor each of the seminars.

The co-sponsors, in addition to adding their name to the seminar program also assisted in making physical arrangements where such assistance was requested. The co-sponsors were:

Central Region	Central Region Economic Development Council and Johnson Foundation Milwaukee, Wisconsin
Middle Atlantic Region	Interracial Council for Business Opportunity (ICBO) Washington, D.C.
Southern Region	School of Business, Atlanta University, Atlanta, Georgia
Western Region	Program of Action for Challenging Times, (Pact, Inc.) San Francisco, California

In each region, IMBE subsidized either transportation, meals or lodging for the participants. (See Appendix D for states included in regions).

Organization. The seminars were designed to cover two full days beginning on the evening of the first day and extending through the afternoon of the third day. The first evening was devoted to housekeeping and introductory proceedings and providing the participants an overview of the seminar. The conference coordinator, the co-sponsor and a guest speaker occupied most of the time. Participants were given the opportunity to introduce themselves to the body and comment on the work of their organization and their particular responsibilities. This procedure was followed in order to facilitate the exchange of information among those attending the conference, outside the seminar sessions.

The second full day was devoted to workshops. The general subject, "Techniques of Business Packaging," was discussed in four workshops each lasting two hours. The workshops were:

1. Utilizing Public and Private Programs
2. Conducting Feasibility Studies
3. Constructing and Analyzing Financial Statements
4. Developing Management Plans and Systems

Each workshop had an average of twelve participants and was presided over by an expert consultant.

The final half-day of the seminar was occupied with analysis of two cases of actual business ventures, and evaluation of the seminar participants. Also one hour was devoted to a general "rap session" where the participants were free to discuss any matters they desired related to minority economic development. Since the workshop discussion was restricted to the four subjects listed above, this "rap session" afforded the participants opportunity to make comments on broader issues or simply vent their frustrations. It was the promise of this "rap session" that greatly reduced the rhetoric in the workshops. (See Appendix J).

Materials . The kit of materials given each participant was specifically developed for these seminars. The materials were designed to perform two functions. First, they were to provide the participants a capsule view of the entire two days activities. This was meant to minimize their concern as to whether certain items in which they were interested would be covered, and thereby reduce the unnecessary questions which often divert workshop discussions. Secondly, it was hoped that the selection of materials and quality of work indicated by them would convey the seriousness of purpose of IMBE and evince a similar attitude in the participants. These purposes were accomplished. Among the materials included in the participants kit were:

-Seminar agenda (See Appendix E)

-Complete outline of each workshop

-Comprehensive outline of Federal Government programs in minority economic development

-Detailed outline on how to conduct feasibility studies

-A diagnostic test sheet

-Evaluation reimbursement forms (IMBE paid part of participants' expenses)

Several participants commented on their evaluation forms that the materials would be quite helpful to them in their work after the seminar.

Methodology. The method employed in the workshops was that of open discussion led by an expert consultant. Specific instructions had been sent to the consultant prior to the seminar. Those instructions along with the workshop outline included in the kit encouraged discussion but clearly set forth its limitations.

At the end of the workshops the participants were given two cases of actual businesses established in the Chicago area. The cases illustrated various problems encountered in establishing the businesses and techniques used by the business.

The seminar participants were required to analyze the problems presented in the cases and evaluate the techniques used to deal with them. Then they were to suggest (1) how the problems could have been avoided, if that were possible, and (2) propose better techniques for solving the problems.

The case study method served to evaluate the effectiveness of the workshops in conveying the concepts, procedures and techniques of business packaging. Many of the participants stated that some of the workshop discussion did not become meaningful until the case study session.This technique will be used in future seminars.

Participants: Their Organizations and Characteristics. The 189 participants who attended the five regional seminars represented 139 organizations. The wide spectrum of organizations reflected the diverse groups now involved in minority economic development activity. Representatives from Model Cities programs, MESBICS, volunteer consultants, local development companies, as well as independent local organizations attended. Local chapters of the major national organizations such as the National Business League (NBL), The Interracial Council for Business Opportunity (ICBO), National Progress Association for Economic Development (NPAED), National Council for Equal Business Opportunity (NCEBO), and the National Urban League (NUL), were represented. Several of these organizations are also classified as OMBE affiliates.

Racially, participants were Black, Brown and white, as were the consultants utilized. In terms of experience participants ranged from two months to ten years with the median being 3½ years. This excludes two participants in the southern region who had been working in business development only two days before the seminar.

Participant Views of Seminars - Evaluation. At the close of each seminar, participants were given an evaluation form to complete. (See Appendix F). Responses to three of the key questions on the evaluation form have been tabulated on Page 29. Not all participants returned the form and in several instances returned forms were not completely filled out. The Western Regional Seminar evaluation is not included.

1. QUESTION: Did the Seminar generally accomplish the objectives to provide technical knowledge to improve skillls, and to assemble a cross section of persons involved in minority business development for the purpose of exchanging views and information?

   Yes - 58 No - 14

2. QUESTION: Was the Seminar appropriate in relation to your needs?

   Yes - 56 No - 2

3. QUESTION: Were the workshops significantly helpful?

   A. Utilizing Government and Private Programs

      Yes - 46 No - 15

   B. Preparing the Feasibility Study and Business Plans

      Yes - 40 No - 14

   C. Analyzing Financial Plans and Systems

      Yes - 40 No - 15

   D. Designing Management Systems and Operating Procedures

      Yes - 49 No - 6

It may be inferred from these representative responses that the majority of the participants were satisfied with seminars.

Problems and Adjustments. The main problems encountered in planning and execution of the seminar program all related to the short lead time. The effort to plan and implement five regional seminars in less than three months would have taxed a more established, better organized agency. Therefore it was expected that certain problems would arise.

The problem of financing the seminars was resolved by obtaining authorization from the Department of Health, Education and Welfare to spend part of the money budgeted for staff travel to subsidize the attendance of participants and pay expert consultants. An amount of $8,844.00 was spent for this purpose.

The apparent insurmountable task of securing facilities to meet the criteria previously set forth was overcome with the help of friends around in the country. In the Central Region, the assistance of Ray Alexander of the Central Region Development Council was essential. In the South it was Frank O'Neil of the Atlanta Business League; in New England, Professor William Wetzel of the Whittemore School of Business and Economics, University of New Hampshire; in San Francisco, Del Behrend of PACT, Inc. All responded eagerly to the call for help.

The rather formidable task of developing the materials mentioned earlier, in typing and assembling the many pages into documents and putting the documents into kits, was done remarkably well by the IMBE staff under the pressure of a short deadline.

Two problems were not adequately resolved. The short notice given organizations did not give many of them sufficient time to schedule attendance (an average of ten days separated date of notice from the date of the seminar). This factor limited the attendance. Future training efforts will allow at least one month advance notice to the organization.

In addition, several consultants sought as discussion leaders could not become available on short notices. In three instances experts who were confident of participation found at the last minute that they could not attend. This created some confusion at the beginning of the New England and Mid-Atlantic Regional Seminars. However, Leonard Black, Conference Coordinator,

was able to improvise to avert a seminar failure.

CONCLUSIONS

The work of the Institute for Minority Business Education at Howard University under the Scope of Work set forth in the contract resulted in certain significant accomplishments.

General

1. The organizations involved in furthering minority economic development were identified and characteristics such as size, staffing, program activities, and level of financing were documented. This information will be useful to the Institute in planning future training and publication activities. It may also be helpful to government and private agencies in their programming in relation to minority economic development.

2. The establishment of the Institute as a research and training organization helped give credence to the stated goals of government to improve the economic position of minorities within the economy. Without more and better trained leadership the entrepreneurs and managers, who admittedly are not well qualified, will have no place to go for assistance in starting, expanding and modifying their businesses. As the competence of leadership is improved, their assistance to businesses will improve resulting in sounder more viable business ventures undertaken by minorities.

3. Operation of the Institute's program during the 20 month period has pointed up clearly that economic development competence among minorities is quite limited. There is an acute shortage of qualified business and economic development personnel. Likewise, the absolute number of persons involved in promoting business and economic development is insufficient and must be increased. The Institute's program must be viewed as a modest beginning attack on the problem.

4. The early experience of the Institute in its program planning pointed up the fact that little systematic thought has been given to business leadership development and institution building in the minority communities.

Therefore the basic institutional vehicles through which development of the economic strength of the minority community must take place were not being established. There is still too limited a number of national, well established economic institutions in the minority community concerning other aspects of development such as finance and marketing to give support to the research and training effort of the Institute.

5. The establishment of the Institute at Howard University School of Business and Public Administration has strengthened the newly organized School of Business and Public Administration and brought the University closer to the minority community from which most of its students are drawn.

Information and Publications

The limited flow of information among minority business and economic organizations is a hinderance to the promotion of business and economic development in those communities. The Institute's program in development and dissemination of information revealed several issues.

1. There are vast areas of economic activity for which there is information relevant to the majority group economic organizations that do not reach minority persons or is in a form that does not make it readily adaptable to minority conditions.

2. Although many existing publications may be adapted to the use of minorities, there is an acute need to develop new materials especially in the area of business organization, distribution, and financing.

3. The presentation of published materials must be improved to encourage maximum use. Sample responses indicate that the copy is not as readable as desired.

Training

In several important ways, the regional training seminars were very successful.

1. They opened the channels of communication between IMBE and 139 organizations deeply involved in minority business economic development.

2. They cleared away any doubt that IMBE is needed by the local organizations. Even the most sophisticated groups

indicated their need for assistance in improving service to the local businessman.

3. The high percentage of positive responses to the evaluation questions indicated that the seminar approach as designed and executed is effective, but should be improved.

4. They confirmed the assumption under which IMBE undertook the seminar program: that business and economic developers wanted practical, working meetings rather than theoretical rhetorical discussions.

5. They introduced certain analytic skills and practical information that are immediately applicable to participants in their daily work.

6. The location and organization of the seminars facilitated the exchange of experiences among participants in informal, out of session encounters.

7. As a by-product IMBE obtained documentation of the major concerns of a cross-section of all groups in the nation engaged in minority economic development and their suggested strategies for dealing with those concerns. This has never been done before.

RECOMMENDATIONS

In order to build on the program initiated, the following recommendations are submitted:

1. It is important that the activities of the first contract period be considered as preliminary to establishment of a continuing effort to improve the competence of minority leadership in business and economic development.

2. The program was delayed by the slow recruitment of staff. At this writing some staff members have left due to uncertainty of refunding. It is essential that these positions be filled immediately after a refunding decision is made to avoid a repetition of the delay.

3. The amount of the present contract, $200,000, was adequate for the initial program. However, if significant progress is to be made in carrying out a national program

involving over 500 organizations, increased allocation will be needed.

4. The activities of this period were not well integrated with the activities of government, i.e., the Office of Minority Business Enterprise and Small Business Administration. Additional emphasis must be placed on maximizing the activities of those government agencies and the Institute through closer coordination.

5. As a by-product of the regional training seminar the Institute developed an outline of the major concerns of local economic and business development personnel. That outline should serve as a guide to future programming in the public and private sector.

6. In order to assist in identification of techniques to be disseminated, it is recommended that the five most advanced business and economic development centers be selected to be used as a laboratory for experimentation. Techniques that those centers have already proved to be effective will be disseminated to other less advanced centers. New techniques identified or developed by the Institute will be applied in the advanced centers and evaluated before they are disseminated nationally.

7. It is recommended that the Institute also select five profit making firms to participate along with the five business development centers in applying those techniques that are designed for application within business firms rather that at the organizational level.

8. It is recommended that the work of the Institute be futher extended in the Spanish-speaking community. To that end, Spanish-speaking personnel should be added to the staff.

9. It is recommended that two persons be added to the staff to assist in the establishment of new organizations and work in the field with the local organizations that have special problems in program development, administration, and training.

APPENDIX A

Questionnaire Sent to Business Development Organizations

INSTITUTE FOR MINORITY BUSINESS EDUCATION
PROGRAM DATA FORM

1. Name of Organization

_____

2. Address

_____
Number Street City & State Zip Code

3. Telephone

_____
(Area Code) Number

4. Name of Director of President

_____

5. Name and title of other person to contact for information about activities.

6. Name(s) and addresses of Parent or Subsidiary organizations.
(If additional space is needed, use page at end of this form)

7. Please list the names of national and/or regional organizations with which your organization is affiliated.

_____

8. Is this a non-profit organization?
_____(a) Yes
_____(b) No

9. What is the single major source of operating funds?
_____(a) Government
_____(b) University
_____(c) Private Investment
_____(d) Foundation
_____(e) Church
_____(f) Other, Specify_____

10. Type of organization
_____(a) Corporation
_____(b) Partnership
_____(c) Unincorporated firm
_____(d) Other, Specify_____

11. How long has the organization been operating?

_____(a) 1 year or less
_____(b) 1-2 years, but less than 2 years
_____(c) 2-3 years, but less than 3 years
_____(d) 3-4 years, but less than 4 years
_____(e) 4-5 years, but less than 5 years
_____(f) 5-9 years
_____(g) 10 or more years

12. How much is your current annual operating budget?

_____(a) Less than $5,000
_____(b) $6,000 - $10,000
_____(c) $11,000 - $25,000
_____(d) $26,000 - $50,000
_____(e) $51,000 - $75,000
_____(f) $76,000 - $100,000
_____(g) $101,000 - $150,000
_____(h) $151,000 - $200,000
_____(i) $201,000 - $500,000
_____(h) $501,000 - $1,000,000
_____(k) Over $1,000,000

13. What percentage of this amount is used in the development of minority businesses?

_____(a) 100%
_____(b) 75%
_____(c) 50%
_____(d) 25%
_____(e) None

14. How many regular, full-time, salaried staff members are in your organization? (Do not include clerical support)

_____(a) None
_____(b) 1-2
_____(c) 3-5
_____(d) 6-10
_____(e) 11-20
_____(f) 21-30
_____(g) More than 30

15. How many regular, part-time, salaried staff members are in your organization? (Do not include clerical support)

_____(a) None
_____(b) 1-2
_____(c) 3-5
_____(d) 6-10
_____(e) 11-20

16. How much of your services were performed by volunteers during the past 12 months?

_____(a) 76-100%
_____(b) 51-75%
_____(c) 26-50%
_____(d) 1-25%
_____(e) None

17. Who provides the volunteer services? (mark all that apply)

_____(a) Local businessmen
_____(b) Professional accountants
_____(c) Lawyers
_____(d) Business teachers
_____(e) Business students
_____(f) Community organizations
_____(g) Major business firms
_____(h) Retired businessmen
_____(i) Others, Specify_____

18. Do you hire consultants?

_____(a) Yes
_____(b) No

19. Which of the following phrases best describes your program?

_____(a) Economic development program engaged primarily in assisting in formation and expansion of enterprises for minority groups.
_____(b) Economic development program engaged in a variety of community activities, including business development, job training, etc.
_____(c) Other, Explain_____
_____

20. Which of the following activities are included in your program? (Mark all that apply)

_____(a) Starting new businesses
_____(b) Expanding existing businesses
_____(c) Promoting joint ventures
_____(d) Seeking business opportunities for experienced business owners
_____(e) Training local business owners in management
_____(f) Training prospective businessmen
_____(g) Training unemployed
_____(h) Resource center for business information and referral on day-to-day problems
_____(i) Community development, i.e., referral service for business, health, education, youth programs, etc.
_____(j) Other, Specify_____
_____

21. What types of businesses have you assisted? (Mark all that apply)

_____(a) Manufacturers
_____(b) Wholesalers
_____(c) Retailers
_____(d) Building contractors
_____(e) Finance, insurance and real estate
_____(f) Services
_____(g) None of these
_____(h) Others, Specify_____

22. Mark all of the federal government programs designed to promote minority business development which you have utilized.

_____(a) SBA loan programs
_____(b) SBA procurement program .
_____(c) SBA local development program
_____(d) HUD housing development programs
_____(e) Dept. of Labor training programs
_____(f) EDA loan programs
_____(g) EDA technical assistance programs
_____(h) None of these
_____(i) Others Specify_____

23. Mark all types of services you provide.

_____(a) Prepare loan applications
_____(b) Make direct loans
_____(c) Make loan guarantees
_____(d) Serve as liaison for processing loans insurance and bonding (circle each)
_____(e) Prepare loan packages
_____(f) Channel equity money
_____(g) Develop accounting systems
_____(h) Provide tax services
_____(i) Provide legal counseling
_____(j) Conduct training seminars for business owners
_____(k) Conduct training seminars for potential business owners
_____(l) Organize trade associations
_____(m) Prepare feasibility and market studies
_____(n) Evaluate proposals for new ventures
_____(o) Promote joint ventures
_____(p) Match potential entrepreneurs with business opportunities
_____(q) Channel government procurement contracts
_____(r) Encourage industry to set up subsidiary plants in inner-city communities
_____(s) Planning for development of consumer cooperatives shopping centers or industrial parks (circle each)
_____(t) Promote franchises
_____(u) Promote chain store-type operations.
_____(v) Other. Specify_____

24, List the five most important activities in your program.

---

25. Give a brief description of your program (Include plans for future activities)

---

26. A brochure, current report, other publications describing your activities are:

_____(a) Enclosed
_____(b) Not available
_____(c) Will send later

27. Give the names and addresses of other organizations in your community with which you coordinate activities. (If additional space is needed use reverse side of this sheet).

---

28. Is there an association in your community designed to coordinate activities of organizations involved in economic development?

_____(a) Yes
_____(b) No

29. If yes, list the names of these associations.

--- ---
--- ---
--- ---

APPENDIX B

Outline and Description of Workshops

WORKSHOP NUMBER I

I. Utilizing Public and Private Programs

A. Public

1. SBA Programs

a. Business Loan Program
(1) Direct Loans
(2) Participating Loans
(3) Guarantee Loans

b. Equal Opportunity Loans
(1) Direct Loans
(2) Participating Loans
(3) Guarantee Loans

c. Local Development Company (502 program)

d. SBIC

e. Lease Guarantee

2. OMBE Programs
Description of General Program

a. Franchising Opportunities
b. Business Opportunities
c. MESBICS
d. Procurement

3. EDA

a. Development Loan Program
b. Planning and Research Grants

4. Federal Procurement Programs

a. SBA - 8a Procurement Program
b. GSA Contract Bidding Assistance
c. OMBE Procurement Affiliates
d. Construction Contractors Program

5. Department of Labor Programs
   MDTA Programs to supplement business needs

B. Private

1. Developing Volunteer Assistance from Individuals, Corporations, Associations and other Technical Assistance Groups.

2. Utilizing Bank Services

3. Utilizing other Financial Sources, Foundations, Investment Groups, Insurance Companies and Church Organizations.

4. Developing Private Equity Capital

5. Utilizing Major Industry - Joint ventures, Subsidiaries and Spin-offs

II. Preparing the Feasibility Study and Business Planning

A. Feasibility Study

1. Matching Client to Opportunity (Skill analysis)
2. Market Study; Why, When and How
3. Location (site) Study
4. Survey; of Resources Available
   a. Required Labor Skills
   b. Availability of Labor Skills at Workable rate
   c. Wholesalers, where - how
   d. Raw Materials and Supplies
   e. Transportation Expenses

B. Business Plan

1. Organization - Corporation, Partnership, proprietorship, etc.
2. Products
   a. What will the company sell
   b. How
   c. To Whom
3. Layout - Area of Operations - Design
   (Refer to location study above)

C. Capital Requirement

1. Initial Outlay Requirements

a. Land and Plant
b. Leasehold Improvements
c. Machinery and Equipment
d. Furniture and Fixtures
e. Tools and Supplies
f. Inventory
g. Working Capital

a. Seasonal
b. Cyclical
c. Contingencies

3. Financing Plan

a. Equity Capital
(1) Personal
(2) Private Investors
(3) Investment Houses -SBIC or MESBIC
(4) Joint Venture, Merger, etc.

b. Debt Capital
(1) Banks
(2) SBA Loan
(3) Insurance
(4) Finance Companies
(5) Other

III. Analyzing Financial Plans and Statements

A. Types of Financing
Debt Equity Financing
1. Commercial Loans
2. Government Loans
3. Improvement Loans
4. Trade Credit
5. Floor Planning

B. Financial Statements

1. Profit and Loss
2. Balance Sheet
3. Pro Forma Statement
4. Statement of Net Worth
5. Personal Finance Statement
6. Cash Flow Statement
7. Break Even Point Analysis
8. Business Ratios:
   a. Inventory Turnover
   b. Net Profit - Net Worth
   c. Others

C. Collateral and Security
   1. Personal Assets
   2. Business Assets

D. Determination of Capital Requirements and Loan Format

   1. Land and Building
   2. Leasehold Improvements
   3. Inventory
   4. Machinery and Equipment
   5. Furniture and Fixtures
   6. Tools and Supplies
   7. Working Capital

      a. Prepaid Items

      b. Cash

IV. Designing Management Systems and Operating Procedures
   A. Personnel Structure
      1. Organization Chart
      2. Number of Employees
      3. Function of Employees "Job Description"
      4. Salary and Wage Schedules

   B. Marketing Plan
      1. Product Line
      2. Pricing
      3. Advertising
      4. Public Relations and Goodwill

C. Merchandising Plan

1. Layout and displays
2. Salesmanship and Sales Procedures
3. Decor

D. Accounting and Fiscal System

1. Establishing Appropriate Format and System
2. Determine Operator In-house, general bookkeeping firm, accountants

E. Purchasing Plan

1. Identify Suppliers, Manufacturers and Wholesalers
2. Define System of Purchasing Ordering

F. Inventory Control System

G. Insurance Plan

H. Licenses and Permits

I. Regulations

J. Personnel Development and Training

WORKSHOP NO. I

Utilizing the Public and Private Programs

The prime objective of this workshop is to identify those resources, public and private, which may be utilized during and after the packaging process. The discussion should involve a description of agencies and programs which provide either direct financing or supportive services or both.

- Inject the concept of "addressing particular institutions" during the description.

- Provide an overview of the philosphies and objectives of the different financial institutions and how to meet them.

- Emphasize, particularly those programs which would be most frequently utilized, namely SBA and the banks, pointing out the uniqueness of each.

- Give some general consideration to the subject of how to select the proper source.

WORKSHOP NO. II

Preparing the Feasibility Study and Business Planning

- Discuss the importance of matching the client with the opportunity, pointing out the subjective approach to screening the prospective entrepreneur.

- Give examples of the kinds of questions to ask in order to get meaningful answers from him as soon as possible.

- Provide an overview of the various market study techniques making reference to some general - sources - site studies aspects of market information.

- Describe generally the types of business organizations with particular emphasis on the facts to be considered in making a choice in terms of tax safeguards, capital requirements and control of operations.

WORKSHOP NO. III

ANALYSIS OF FINANCIAL PLANS AND STATEMENTS

- Give clear distinctions between debt and equity capital, describing the various forms of financing. Outline the basic characteristics of each.

- Illustrate by factual situations the best circumstances under which they should be utilized

- Stress full disclosure of all information available, demonstrating areas of positive adjustment

- Discuss the use of these plans and statements as package items as well as management tools

- Give particular attention to inventory turnover ratios as they relate to initial capital requirements and cash flow requirements. These areas are watched very closely by lending institutions.

WORKSHOP NO, IV.

Management Systems and Operating Procedures

This section deals with the specific plans and operating procedures of the firm. The package should include as much of this detail as possible.

- Stress the importance of not leaving this work to be done after the financing has been obtained

- Even though personnel data is dealt with in another session, note that here the data should be more specific

- Emphasize the necessity for determining the optimum system for arriving at costing factors, pricing and the procedure for monitoring the system

- Outline the various types of business insurance policies, indicating the need for specific coverage under varying conditions

APPENDIX C

Letter of Invitation to Centers

INSTITUTE FOR MINORITY BUSINESS EDUCATION
P. O. Box 662
Howard University
Washington, D. C. 20001

Air Mail

October 1, 1970

Mr. James Cooper, Executive Director
East Central Citizens Organization
22nd & McAllister
Columbus, Ohio 43205

Dear Mr. Cooper:

As you know, the Institute for Minority Business Education was established at Howard University to improve the capability of business development centers around the nation. The Institute will seek to accomplish the goal through training of business development center personnel; improving the flow of useful information and devising techniques for program development.

In keeping with the program above, IMBE wishes to announce the first in a series of management assistance seminars for business development center personnel.

Place: Wingspread Conference Center, Racine, Wisconsin

Date: Evening of October 15 to October 17, 1970

Subject: Techniques of Business Packaging

Objectives:

* To broaden the understanding and improve the skill of personnel responsible for assembling business packages.

* To explain proven techniques used in packaging to meet criteria of various capital sources

* To exchange information on experiences among business development centers around which IMBE and the Central Regional Economic Development Council may develop helpful programs

A DIVISION OF THE SMALL BUSINESS GUIDANCE AND DEVELOPMENT CENTER, DEPARTMENT OF BUSINESS ADMINISTRATION, HOWARD UNIVERSITY
FUNDED BY THE OFFICE OF EDUCATION, U.S. DEPARTMENT OF HEALTH, EDUCATION AND WELFARE

Mr. James Cooper (cont.)

Methodology: Workshops and practice sessions

Participants: Two (2) delegates from each business development center in the Central Region (including Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Ohio, and Wisconsin).

The seminar is being jointly sponsored by the Johnson Foundation, the Central Region Economic Development Council and IMBE. The Johnson Foundation is providing meals and lodging at no cost to participants. IMBE will also reimburse one-half of the total round trip travel expenses to the seminar provided the center is located beyond a 150 mile radius of Racine, Wisconsin.

The Conference Center cannot accomodate more than 60 persons. Reservations will be made on a first-come, first-served basis. Not more than two persons from each center may attend. Names must be received by IMBE no later than October 1, 1970.

More detailed information concerning the seminar will be forwarded before the seminar date.

Should you have any questions concerning the content of this letter do not hestitate to contact:

Leonard M. Black
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Phone: (202) 726-9300

Sincerely,

George H. Robinson
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Phillips Petroleum Co.
Phillips Building
Bartlesville, Oklahoma 74003

APPENDIX E

Seminar Agenda

TECHNIQUES OF BUSINESS PACKAGING

sponsored by

Atlanta University - School of Business Administration

The Institute for Minority Business Education

October 29-31, 1970

PROGRAM

Thursday, October 29, 1970		
6:00 p.m.	Plenary Session	Matador Room Paschal's Motor Hotel
	Welcome to Atlanta Franklin F. O'Neal Director-Project Outreach, National Business League	
	Introduction of Guest Speaker Franklin O'Neal	
	Dean Robert C. Vowells Atlanta University School of Business Administration	
	Overview of Seminar Leonard M. Black, Conference Officer Institute for Minority Business Education	
8:00 p.m.	Adjournment	
Friday, October 30, 1970		
9:00 a.m.	Plenary Session	Room 102 Atlanta Univ. School of Bus. Administration
	Quiz	
	Presentation of Case Studies	
9:45 a.m.	Coffee & tea will be served	Faculty Lounge
10:00 a.m.	Workshops	
	Group A Utilizing Public and Private Programs	Room 108

73/14/75

	Group B Preparing Feasibility Studies and Financial Statements	Room 207
	Group C Designing Management Systems and Operating Procedures	Room 209
12:00 p.m.	Luncheon will be served	Atlanta Univ. Dining Hall
1:30 p.m.	Workshops	
	Group B	Room 108
	Group C	Room 207
	Group A	Room 209
3:30 p.m.	Coffee & tea will be served	Faculty Lounge
4:00 p.m.	Workshops	
	Group C	Room 108
	Group A	Room 207
	Group B	Room 209
6:00 p.m.	Plenary Session	Room 102
6:30 p.m.	Adjournment	
Saturday, October 31, 1970		
9:00 a.m.	Plenary Session	Room 102
9:30 a.m.	Workshops (Case Studies)	
10:30 a.m.	Coffee & tea will be served	Faculty Lounge
10:45 a.m.	Case Study Presentations	Room 102
11:45 a.m.	Luncheon will be served	Faculty Lounge
12:15 p.m.	Panel Discussion (Rap Session)	Room 102
2:00 p.m.	Departure	

APPENDIX F

Packaging Elements and Sample Forms

INSTITUTE FOR MINORITY BUSINESS EDUCATION

TECHNIQUES OF BUSINESS PACKAGING

Elements of the Package

The Official Application

The first written document submitted to a lender specifying the type of business, purpose of the loan, collateral offered, previous financing and the names of persons who rendered professional or other services to prepare the information requested on the form.

The Personal Financial Statement

A listing of everything approved by the borrower - car, bank accounts, real property and everything owed - installment payments, mortgages. See Exhibit No. 2.

The Personal Resume and History Form

Gives details about the past experience in business, education and training. Should stress areas directly related to the business plans. See Exhibit No. 3

Income Projection

A worksheet which shows an estimate of the initial capital requirements. It includes all the variables for estimating the margin sufficient to cover personal expenses and contingencies and specifies the amounts to be invested by the owner and the amount to be borrowed. For an existing business the balance sheet and profit and loss statements are substituted. See Exhibit No. 4.

Format for Business to be Established

Presents the estimated total capital requirements specifying the contribution of the purchaser and the amount to be borrowed. See Exhibit No. 5.

Description of the Business

The feasibility and market studies for the business operations and financial projections. See Exhibit No. 6.

The Statement of Collateral

List of personal and business assets to be acquired which may be offered as security for a loan. See Exhibit No. 7.

The Insurance Form

To provide the lender protection for his loan in the event of death or disability. A minimum requirement is a life insurance policy to cover the amount of the loan. Adequate insurance should include enough protection to cover the entrepreneur's investment. See Exhibit No. 8.

ADDITIONAL ELEMENTS FOR EXPANDING AN EXISTING BUSINESS AND/OR PURCHASE OF AN EXISTING BUSINESS

Financial Statements

The Balance Sheet
Profit and Loss Statement
Statement of Inventory Condition
Condition of Receivables to be Purchased

In addition to the balance sheet and profit and loss statement, these statements are needed in analyzing the status of the business to be expanded or purchased. This provides for the new owner, data necessary for a budget forecast, business organization, taxes and for applying for a loan.

Tax Forms

Personal Income Tax Form or Business Tax Forms or both Seller's Income Tax Return or Audited Financial Statement for the Business.

Contracts

Sales Contract or Lease for Premises
Sales Contract or Lease for Business
Franchise Agreement
Documentation of Agreements including Financial Statement of Parent Company.

Legal assistance should be sought in preparing these documents to be certain there is a clear understanding of the terms.

PERSONAL FINANCIAL STATEMENT

ASSETS

Cash on Hand & in Banks	$ _____
Savings Account in Banks	_____
U. S. Government Bonds	_____
Accounts & Notes Receivable	_____
Life Insurance-Cash Surrender Value Only	_____
Other Stocks and Bonds	_____
Real Estate	_____
Automobile - Present Value	_____
Other Personal Property	_____
Other Assets	_____
Total	$ _____

LIABILITIES

Accounts Payable	$ _____
Notes Payable to Banks	_____
Notes Payable to Others	_____
Installment Account (Auto)	_____
Monthly Payments $_____	
Installment Accounts (Other)	_____
Monthly Payments $_____	
Loans on Life Insurance	_____
Mortgages on Real Estate	_____
Unpaid Taxes	_____
Other Liabilities	_____
Total Liabilities	_____
Net Worth	_____
Total	$ _____

Exhibit No. 2

81

PERSONAL RESUME AND HISTORY FORM

Name:	James W. Johnson
Home Address:	42 West Third St., Los Angeles, Calif. 90000 Phone: 622-2223
Personal:	Born May 23, 1943, in Los Angeles. Married Sarah Smith Johnson in 1967. No children. My Social Security Number: 108-30-0676 My wife's number: 123-41-9962
Job Experience:	
1/1967 - Present	Parts salesman for Sportscars Unlimited, 30 Jay Street, Los Angeles, Calif.
10/1964 - 12/66	Shipping Clerk, Sportscars Unlimited. My first job at Sportscars was as a clerk in their shipping department where I received, inspected and recorded deliveries of parts. In January of 1967, I was promoted to salesman and during the past six months, I have managed the business for my boss whenever he was away.
1959-61	Summers and part-time after school, I sold gas and did minor repair work at Al's Tire Center, 590 Pinewood Avenue, Los Angeles.
Military:	
9/1961-9/1964	After graduating from high school, I enlisted in the Army. I was assigned to 32 weeks training in Machine Repair School and spent the rest of my time driving and servicing motor pool cars. (This included requisitioning necessary parts). I received an Honorable Discharge in 1964.
Education:	Graduated from Central High School, June, 1961. Army Machine Repair School; completed 32 weeks. Currently taking "Beginning Accounting" in the evenings at City College.
Other Interests:	On weekends I work in the pit crew of a friend who races professionally at Meadows Speedway. I am also a member of "Big Brothers."
Character References:	Mr. William Edwards, present employer; owner of Sportscars Unlimited. Mr. D. R. Redding, Professor of Accounting, City College. Captain Joseph Hartnett, Ford Ord, Commanding Officer.

Small Business Reporter
Bank of America - 1969

Exhibit No. 3

PROJECTION

NAME: _____

TRADE NAME: _____

BUSINESS ADDRESS: _____

_____

		Monthly	Twelve Months
Estimated sales		$_____	$_____
Estimated cost of sales		_____	_____
Estimated gross profit		$_____	$_____
Estimated			
Rent	$_____		$_____
Payroll (excluding owner)	_____		_____
Officer salaries (corporation only)	_____		_____
Telephone	_____		_____
Heat, light and water			
Interest (excluding SBA loan)	_____		_____
Postage	_____		_____
Advertising	_____		_____
Travel	_____		_____
Vehicle expense	_____		_____
Taxes (payroll)	_____		_____
Taxes (other)	_____		_____
Supplies	_____		_____
Attorney & accounting fees	_____		_____
Insurance	_____		_____
Repairs	_____		_____
Other (explain)	_____		_____
Other (explain)	_____		_____
Other (misc.)	_____		_____
Total operating expenses	_____	$_____	$_____
Net profit from operations		$_____	$_____
Other income (explain)	_____		_____
Other expense (depreciation)	_____		_____
Other expenses (explain)	_____		_____
Net other income		$_____	$_____
Net profit before withdrawal		_____	_____
Owner's withdraw for personal taxes (individual or partnership only)	_____		_____
Total withdraw		$_____	$_____
Net profit after depreciation owner's withdraw & taxes		$_____	$_____

Exhibit No. 4

FORMAT FOR BUSINESS TO BE ESTABLISHED

_____ _____

Name Trade Name

_____

Address

	Total cost	Part of total to be furnished by purchaser(s) including cash and/or equipment	Part of total to be borrowed
Estimate of total capital required:			
1. Value of items purchased:			
Truck or vehicles	$_____	$_____	$_____
Tools & supplies	_____	_____	_____
Furniture & fixtures	_____	_____	_____
Machinery & equip.	_____	_____	_____
Inventory	_____		
Other (explain)	_____		
Total purchase price	_____	_____	_____
2. Additional capital requirements:			
Inventory	$_____	$_____	$_____
Working capital:			
Prepaid Items:			
Rent	$_____		
Insurance	_____		
Utility deposits	_____		
Taxes	_____		
License	_____		
Other	_____		
Total prepaid items	$_____		
Cash (operating expenses & etc.)	_____		
Total working capital	_____	$_____	$_____
Other (explain)	_____	_____	_____
Total	$_____	$_____	$_____
Total amount needed to borrow			$_____

Maturity requested _____ years

Exhibit No. 5

HISTORY/DESCRIPTION OF BUSINESS

_____ _____

Name Trade Name

_____

Business Address

_____ _____

Business Phone Home Phone

_____

Employer's I D Number

1. How is (will) business (be) organized? Corporation, partnership, proprietorship? If corporation, include copy of Charter, By-Laws, Schedule of Stock Ownership and Minutes of meeting giving corporate officer authority to borrow. If partnership include copy of Partnership Agreement. _____

_____

2. What type of products do you see (plan to sell) or what type of service do you (will you) provide in the business? _____

_____

3. Describe area in which you are located (planning to locate) the business. _____

4. Who are (will be) your customers? _____

_____

5. Who are (will be) employed in the business ? _____

_____

6. Who provides (will provide) technical or management support for the business and what is the nature of this support? _____

_____

Legal _____

Accounting _____

Other (s) _____

_____

7. Lease and layout _____

_____

Exhibit No. 6

LIST OF BUSINESS COLLATERAL
OFFERED AS SECURITY

Description	Model	Serial Number	New Used Rebuilt	Cost	Value*	Source of purchase**

*Give value of existing collateral
**Indicate source of items to be purchased if new

Exhibit No. 7

84

INSURANCE FORMS

List policies by name of Insurance Company, type of coverage, amount of coverage and expiration of policies.

COMPANY	COVERAGE	AMOUNT	EXPIRATION DATE

Exhibit No. 8

APPENDIX C

Elements in the Packaging Process

BASIC STEPS IN THE PACKAGING PROCESS

Entrepreneur discusses plans with center staff	Screening by center staff and referral for technical assistance and review of application
Entrepreneur and center staff review personal data, financial statements, and other pertinent documents	Center staff studies preliminary materials, assists in feasibility and market data for determining financial plan. May refer for technical assistance for additional data
Technical assistance staff prepares documents	Lawyer, accountant, and other specialized consultants, i.e., real estate broker, builder, architect, contractor, etc.
Center staff reviews all data and arranges in presentable order	Center staff determines best financial plan and source of assistance
Center staff meets with loan officer	Feasibility conference. Discuss package and documents for additional details required - obtain conditional commitment
Center staff and entrepreneur discuss modifications	Review package and indicate additional requirements or seek different source of funds. Revise financial plan, where necessary

Basic Steps in the Packaging Process (cont.)

Center staff, entrepreneur and loan officer review package	To submit revised packages recommended
Center staff and entrepreneur discuss closing procedure	Discuss approved package with revisions, terms of loan and plan for follow-up and continued T/A/. If disapproved, discuss reasons and possible revision of package for submission to different source
Joint meeting with center entrepreneur and technical assistants	To analyze the progress, discuss modification and future assistance needed

APPENDIX H

Diagnostic Test for Participants

INSTITUTE FOR MINORITY BUSINESS
EDUCATION
Howard University
Washington, D. C.

HOW IS YOUR BUSINESS I. Q. ?

Please answer the following questions:

1. What is the length of time you have been active in Minority Business Development? _____ years _____.

2. Is the development of business your major function within your organization? (More than 50 %)_____

Part I. Write out the meaning of the following acronyms.

_____.

1. BEU _____
2. CEBO _____
3. EDA _____
4. GNP _____
5. GSA _____
6. ICBO _____
7. IMBE _____
8. MDTA _____
9. MESBIC _____
10. NBA _____
11. NBL _____
12. OIC _____
13. OMBE _____

14. SBA _____

15. SBIC _____

	A	B
16.	MESBIC	
17.	NBA	
18.	NBL	
19.	OIC	
20.	OMBE	
21.	PACT	
22.	SBA	
23.	SBIC	
24.	U. L.	

Part II. Are the following items elements of a business loan package? Indicate answer in column A by writing True or False.

		A	B
1.	Life Insurance Policies		
2.	Automobile Title		
3.	Military Discharge		
4.	Bank Books		
5.	Stocks and Bonds		
6.	Accounts Receivable		
7.	Safety Deposit Key		
8.	Record of Medical History		
9.	U. S. Government Bonds		
10.	Automobile Registration		
11.	Income Tax Return for Prior Yr....		
12.	Balance Sheet		
13.	Profit and Loss Statement		

	A	B
14. Income Projection Statement ..		
15. Real Estate Deed		
16. Spouses' Birth Certificate ...		
17. Statement of Inventory		
18. Sales Contract for Premises ..		
19. Lease for Premises		
20. Sales Contract for Business ..		
21. Lease for Business		
22. Driver's License		
23. Marriage License		
24. Real Estate Tax Duplicate		
25. School Transcript		
26. Partnership Agreement		
27. F.B.I. Clearance		
28. Children's Birth Certificate .		

Part III. Write true or false for each of the following statements:

1. Lack of money is a more serious problem than lack of experience for people going into business.

2. The corporate form of business organization always protects the personal assets of the individuals.

3. There are no techniques to reasonably project adequate starting capital needed for a new business.

4. Selecting and training employees is an inexpensive process.

5. The cost of rent is the major consideration in selecting the location of a business.

6. Cutting down on living expenses is one way of making more capital available for business expenses.

7. It is not important that tax obligations be planned before starting a business.

8. It is necessary for the parties to a joint venture to be knowledgeable in all aspects of the business.

9. Technical assistance and management advice are necessary only at the planning stage of a new business.

APPENDIX I

Seminar Evaluation Form

INSTITUTE FOR MINORITY BUSINESS EDUCATION

TECHNIQUES OF BUSINESS PACKAGING

Evaluation Questionnaire

The objectives of the seminar were:

A. To provide technical knowledge
B. To improve skills
C. To assemble a cross-section of persons involved in minority business development for the purpose of exchanging views and information.

1. Did the seminar generally accomplish these objectives? Explain?

2. Apart from these objectives, what do you feel was the impact on those who attended?

3. How did you benefit personally from the seminar?

4. What was the most useful part of the seminar?

5. What was the least useful part of the seminar?

6. How do you plan to use the knowledge gained?

7. How appropriate do you feel this seminar has been in relation to your needs?

Fully appropriate _____ To a limited degree _____
Very appropriate _____ Not approrpriate _____
Moderately appropriate _____

Comments?

8. What suggestion do you have for improving the seminar?

   Comments:

9. Please rate workshop subjects as each ranks in importance to you. Use the scale 1 through 10, with 10 being the highest and 1 being lowest.

   Workshop A - Utilizing Government and Private Programs ___

   Workshop B - Preparing the Feasibility Study and Business Plans _____

   Workshop C - Analyzing Financial Plans and Statements ___

   Workshop D - Designing Management Systems and Operating Procedures _____

10. What subjects do you recommend for future seminars?

    Signed _____ Date _____

    Position _____

    Organization _____

    Address _____

APPENDIX J

Outline of Concerns and Strategies

OUTLINE OF CONCERNS AND STRATEGIES

I. Financing Minority Business and Economic Development Organizations

A. Information on Financing

1. From Government

a. Publish criteria for proposals to be submitted to EDA, SBA, OEO and other government agencies for organization funding

b. Provide information on where money is available, how much and how to get it

c. Identify foundations active in business development, indicate their area of concern and address

d. Disseminate information regarding the progress made by churches and other charitable organizations in promoting minority economic development

2. From IMBE (or from other organization thru IMBE)

a. Analyze economic development legislation passed by Congress to determine whether federal agencies are living up to their mandate

b. Report to what extent foundations and churches deposit money in minority banks

c. Disseminate information on the progress of insurance industry and banking industry minority economic development financing programs

d. Disseminate information on profit making subsidiaries of non-profit organizations, how to set them up and how to make the non-profit group self sustaining

e. Publish information on successful fund raising programs and techniques

B. Action on Financing

1. By Government (OMBE)

a. Increase financial contribution to minority economic development

b. Set up a formal grievance structure to handle private organization complaints against alleged unfair and arbitrary decisions by the key government agencies involved in minority economic development financing

c. Establish longer term contracts and grants (3 to 5 years) needed to insure stability of economic development groups.

2. By IMBE (or by other organizations thru IMBE)

   a. Develop a strategy to get foundations and other private organizations more involved in minority economic development

   b. Facilitate development of a comprehensive plan for financing economic development of the Black and Brown community

3. By Local Organizations

   a. Provide IMBE reports on successful fund raising experiences

   b. Explore possibility of providing counseling and technical services for a fee and contracting with banks and other institutions to provide packaging and follow-up technical services

   c. Learn to deal more effectively with vested interest and pressure points in private sector

II. Staff Training (All suggestions indicated shared responsibility between IMBE and local groups)

A. Technical Training

1. Develop and conduct seminars in:

   Loan packaging procedures
   Establishing a business
   Conducting feasibility studies
   Community capital formation techniques and mechanisms
   Business planning and control
   Management systems design
   How the banking system and other major economic institutions function and how to deal with them

2. Develop outline and plan for in-service staff training program, including orientation and growth

3. Develop a guide for agency organization and operation for staff use

B. Non-Technical Training

1. Develop and implement sensitivity training to improve communication effectiveness between staff consultant and client

2. Develop and implement sensitivity training for personnel in "establishment" institutions and other outside the minority community such as bank officers, SBA loan officers, volunteer consultants

3. Conduct seminars and publish guide materials on evaluation of potential entrepreneurial talent

4. Develop course outline and conduct staff training in motivational techniques to stimulate clients to follow up on advice given by consultants and/or to play a larger role in packaging the new business

III. Information Exchange

The need in this area was considered to be one of increasing communication among business and economic development groups. The whole range of experiences in minority business and economic development could be utilized by one local group or another.

Other information needs related to the desire to get reliable information on developments in the Federal Government at the Washington level. Still other information needs would be met through sections I and II above.

IV. Coordination Among Organizations

A. Organize a lobby effort for minority economic development in Washington

B. Establish coordinating councils at the local and regional levels to deal with matters of common interest and rationalize programming

C. Establish a professional association of minority business and economic developers to: (1) reduce the brain drain of trained developers to establishment enterprises and (2) assist in up-grading the competence of persons working in this field.

APPENDIX K

Minutes of the National Advisory Board Meetings

INSTITUTE FOR MINORITY BUSINESS EDUCATION

Howard University

Minutes of the First Advisory Board Meeting

February 26, 27, 1970

The advisory board of the Institute for Minority Business Education (IMBE) met for the first time February 26, 27, 1970, in the Library-Conference Room of the Small Business Guidance and Development Center, Howard University.

The meeting was opened at 9:30 a.m., Thursday, February 26, by Dr. Wilford L. White, Director of the Center. The following board members were in attendance during the two-day meeting:

Mrs. Del Behrend	Mr. John Wilson, Jr.
Mr. David E. Rice	Mr. Arthur McZier
Mr. Newton Downing	Mr. Forrest Parr
Mr. Richard Madison	Mr. Richard Austin
Mr. Jerome Hutchinson	Mr. Garland Guice

Dr. White welcomed board members and presented a brief description of Howard University. He also related that the Institute was conceived by OMBE Director Abraham Venable and funded by the Office of Education, Department of Health, Education and Welfare.

Acting chairman Richard H. Austin assumed conduct of the meeting following Dr. White's remarks. Mr. Austin asked Mr. George H. Robinson, executive director of the Institute, to delineate the roles and relationship of the Institute and the Small Business Center.

Mr. Robinson said in response that the Institute is an arm of the Department of Business Administration, College of Liberal Arts, and the Small Business Center. He pointed out that the Center and the Institute are under the direction of Dr. White, and that Mr. Robinson is the Institute's executive director.

Mr. Robinson said that the broad objectives of IMBE are designed to develop more profitable minority small businesses through providing technical assistance to local development organizations throughout the country. He and Dr. White described the Institute as a "wholesaler" since it will serve the organizations that work with individual businessmen as "retailers" of information and assistance. Mr. Robinson said that the "retailers" are organizations like the Small Business Center and its counterparts, such as the Economic Development Corporation in Chicago, the Business and Job Development Corporation in Pittsburgh, the chapters of the Interracial Council for Business Opportunity, and chapters of the National Business League.

Mrs. Behrend, noting that the Institute was established in June, 1969, asked what had been done to date. She also asked what was being planned in the way of research capability. Mr. Robinson responded that very little had been done since the program actually started December 1, instead of in September after a three-month planning period as originally intended. He said that the Institute was presently at the stage of getting information into the files so it could be evaluated. Mr. Robinson and Dr. White discussed the list of research topics that the National Council on Small Business Management Development is preparing for the Institute.

Mr. Austin raised a question as to the trend of small businesses in view of a recent statement that they are declining and that the vast majority of business is carried on by a relatively few large corporations. Mrs. Behrend said that research she has done, and other indices, show that new business formation is actually up. The consensus of the board was that this is so. Moreover, it was the feeling that there will continue to be a place for the small business, and a definite need to encourage the small Black minority business and develop larger ones.

Mr. Downing talked about the role of the Office of Minority Business Enterprise (OMBE). He said that OMBE defines its economic objectives in this way: 15 percent of the U.S. population--the minorities--own less than one-half-of-one-percent of the assets. He stated that OMBE sees its role as figuring ways to change this imbalance--to get capital, opportunity, and know-how into the minority community. He said that because franchising offers these three things, OMBE is "stuck" on it.

The group shifted to the University's Mahogany Room for luncheon. Dr. Edward Irons, Head of the Department of Business Administration, presided. He introduced Dr. T.E. McKinney, Howard University Vice President for Academic Affairs. Dr. McKinney greeted the guests and expressed interest in the goals of the Institute on behalf of the University Administration. Dr. Irons also announced that the Department of Business Administration is soon to become a full-fledged school. Mr. Jack Wilson, Office of Education, Department of Health, Education and Welfare, attended the luncheon as a guest and spoke briefly.

Mr. McZier then presented some "insights" into SBA goals and activities. He talked about his agency's efforts to improve the effectiveness of its programs. One way they are pursuing this is to come up with innovative ideas, such as the three-day bank loan guarantee program. Another is the "line of credit" program for minority contractors; the pilot is operating in California, and they want to apply it across the country. Mr McZier said also that SBA has "Action Construction Teams" operating in fifteen cities across the country. These teams try to match

minority contractors with resources they need; this program originated in SBA but is now lodged in the Department of Housing and Urban Development.

An afternoon workshop session followed the luncheon meeting. Mr. Austin again served as acting chairman. The board was asked to focus on several questions regarding the course the Institute should follow to reach its goals and objectives. In response to the question of whom the Institute will serve, Mrs. Behrend said that it should concentrate its efforts on organizations rather than individuals. She suggested that these could be local minority economic development groups throughout the country, business schools, and government agencies such as SBA and EDA.

Mr. Austin suggested that the list also include state and local chambers of commerce with components for minority economic development, and organizations providing loans and management technical assistance. In addition to agreement on the above, there was a consensus that state and local agencies of government, in general, could be included.

On the question of what the Institute's service should include, it was felt that IMBE should collect and disseminate information on public and private agencies currently working with minority entrepreneurs. The Institute should also provide advice and assistance to schools and other groups wanting to develop business education programs affecting minority groups. The board cautioned against "getting lost in the information job." It was felt that the clearinghouse function was too general and objected to its use in describing the Institute's program. Mr. Madison cautioned that any services provided, which will be the result of ideas that "flow from this group," should be illustrations, leaving channels open to local initiative for setting priorities. He also cautioned against taking the short-term view.

Mr. Austin then asked board members how the Institute should deliver its services. Someone suggested rather facetiously "quickly". Perhaps the remark should be taken seriously. Mrs. Behrend and Mr. Wilson responded that consulting services should be provided by telephone, mail, and in person. Mr. Robinson told the group of the Institute's intent to hold regional seminars and conferences, publish a newsletter, and issue various publications. Also suggested was use of the public media, visual aids, and the library.

Another question dealt with how the Institute's service should be backed up. Mr. Robinson indicated that practical research to back up services will be conducted not only by Institute staff but by subcontractors. The group suggested professional

societies, national business associations and research institutions. There was agreement on the point raised that credibility must be established quickly in order to stimulate the inflow of strategic materials.

Mr. Madison raised a question as to whether the Institute is seeking future sources of financial back-up. Dr. White replied that getting refunded, or new funds from elsewhere, would depend on the kind of job the Institute does and how fast it does it. Mrs. Behrend questioned whether the Institute should seek additional funding before making substantial achievements. She said that the program should be made self-sustaining as soon as possible. Asked how she would accomplish this, she replied that she would, first of all, make the Institute a membership organization.

Mr. Hutchinson, Mr. Wilson, and others expressed disagreement. Mr. Wilson said that it must be made possible to continue what is started. Mr. Madison said that an organization must either assume it is going to be refunded, or actively look for funding. He said further that the planning of a program such as IMBE's has to be long-term, that it is not possible to even get organized for this kind of job in a year. Mr. Madison said that these things must be taken into consideration because otherwise planning is being carried out in a vacuum--and that stymies progress. Speaking about non-governmental sources of funding, Mr. Robinson said it might be well not to rely on any one source. The staff was asked to set up a board committee on financing. This committee would explore the matter further. The afternoon session adjourned at 5:00 p.m. to open again the next morning at 9:00 a.m. at the IMBE office.

Mr. Austin opened the Friday morning session at 9:15 a.m. After he reviewed an outline of Thursday's discussion, the group turned its attention to establishing program priorities. Mr. Downing described the essential role of the Institute as that of a catalytic agent, with the mission of transferring the products of resource development, i.e. opportunity, money and technical know-how to the entrepreneur or potential entrepreneur for whom these services are designed. The point was made, however, that since the Institute deals only with local business development organizations, requests from individuals will be referred to the appropriate local organization or to OMBE.

After general discussion, it was agreed that the activity most feasible for the Institute to get into quickly is developing "packages" of materials relating to the problems faced by small businesses and in promoting small business development--utilizing existing materials and resources. Mr. Downing, Mrs. Behrend, Mr. Guice, and Mr. Parr commented on the need to train

loan packagers, pointing to the near dearth of good ones now, the high turnover rate, and the relatively long time it takes to become good at it. Putting together a "package" of materials on training loan packagers was given high priority. Other subjects to be given priority are: screening applicants, how to do a feasibility study, counseling of applicants, and finding resources (both money and manpower).

Also discussed was what services the Institute can provide immediately. Mr. Robinson informed board members that the Institute is now publishing Accessions, and this basic service can be provided now. He said also that two manuals, on individual counseling and establishing minority group trade associations, respectively, could be provided very soon. Another manual in this category, on how to run an essay contest on small business, describes a motivational project for school children. Other items either available or soon to be are past issues of Management Briefs, Accessions, a Black business bibliography, and the Institute's national newsletter, he said. These materials were developed by the Howard Business Center and are offered to the Institute for its use.

Other points made during the early afternoon included observation of the need, generally, to train and develop the staffs of organizations fostering minority business development. Mr. Hutchinson and several board members spoke to this point. Mr. Guice talked of the value of checklists both for the minority businessman and for the staffs of economic development organizations. Mr. Guice also made the point that persons being trained to work in minority economic development should be exposed to the historical aspect of minority business development as well. He said this will help to increase understanding of problems of minority business people.

Mr. Wilson made the point that the Institute should develop a checklist to determine the types of materials needed by the groups it will serve. It was agreed that the Institute staff should identify cities with economic development organizations and visit them to delineate and refine problem areas in minority business development. Mr. Madison emphasized that care should be taken to insure that effective systems of disseminating information are devised.

Mr. Austin then asked for response to the last question to be considered: "What should be the role of the advisory board?" After some discussion, it was agreed that the board would review programs devised by the staff and offer its judgment based on knowledge of the situation. The board made clear its feeling that implementation of programs must be done by the Institute's staff. It was also agreed--in response to a request from Dr. White--that the board would serve as a source of information on developments in the various programs and activities that relate to minority business. Mr. Robinson and Dr. White thanked board members for their attendance and contributions. Mr. Austin adjourned the meeting at 1:15 p.m.

INSTITUTE FOR MINORITY BUSINESS EDUCATION

Howard University

Minutes of the National Advisory Board Meeting

Pitts Motor Hotel
Washington, D. C.

November 5, 1970

Welcome and Introductions

The National Advisory Board convened at 9:30 a.m. on Thursday, November 5, 1970 at Pitts Motor Hotel, Washington, D. C.

In the absence of the chairman, Mr. Richard Austin, Mr. John Wilson, Jr. presided.

Mr. Mack Hannah, Jr. was introduced as a new board member. The executive director, Mr. George Robinson announced that Mr. Hector Vazquez, president of the Puerto Rican Forum had accepted board membership, also. A reply to a like invitation is being awaited from Mr. G. A. Gaston, president of Booker T. Washington Life Insurance Company of Birmingham, Alabama, and Mr. Ben Hernandez, president of the National Economic Development Association in Los Angeles, California.

Dr. Wilford L. White extended a welcome to the members. He reported that the staff is now complete, and most of the programs which were approved at the last board meeting have now been initiated. With the addition of Mr. Richard Madison as deputy executive director in August, the seminar program was developed. This, he said, has been the Institute's major accomplishment. Two other additions: Miss J. Maurice Thomas as Librarian, and Mrs. Josephine Trevathan as information officer, the latter replacing Mr. Dennis Wynn who resigned in order to enter graduate school.

Mr. Robinson then reported the following highlights and problems of the year's activities:

1. At the outset the problem was to hire staff and develop a workable plan. The February meeting of the National Advisory Board was very helpful in defining program objectives and priorities. Hiring of experienced staff was difficult because of the late start and the temporary nature of the funding. Securing a deputy executive director was quite a problem. Two were actually hired only to have them decide at the last minute that they could not fulfill the obligation. Valuable time was spent in the extra recruiting and the program suffered from lack of manpower. This problem was happily resolved with the hiring of Richard Madison who was exceptionally well qualified because of

his prior experiences and his membership on the National Advisory Board. Mr. Madison crystallized the Seminar Plan and got it into operation a short time after his arrival. The regional seminars were the chief highlight of the year's activity. They are described later in the report.

2. Another highlight was the study of local business centers. An excellent questionnaire designed by Mrs. Grace Madison, research officer, was sent to 500 organizations engaged in business and economic development. Its purpose was to obtain detailed information on the scope and depth of each program and the types of businesses served, as well as information on general purposes, objectives, structure, funding sources and resource utilization.

The problem was getting a high percentage of returns, even though reminders in the form of letters, telephone calls, telegrams and, in some cases, visits were made.

3. The first public program conducted by the Institute was the National Seminar for Minority Professional Consultants. This was held at the request of Mr. Robert Brown, Special Assistant to the President and was co-sponsored by the Howard University Department of Business Administration, the National Association of Minority Consultants and Urbanologists and the American Association of Minority Consultants.

The purpose of the seminar was to pinpoint procurement opportunities in the Federal Government and to explain to the participants the procedures and requirements for obtaining consulting contracts. The meetings were held at the Department of Commerce with 127 persons attending - 67 minority consultants, 39 program officers and procurement officials from 21 Federal agencies, 3 representatives from universities and 18 staff members from economic development organizations.

4. The Institute's publications program included the following:

a. Three issues of a Washington area newsletter, Economic Development News," co-sponsored by the Center and the Chesapeake Foundation.

b. A general descriptive brochure.

c. An annotated bibliography of Negro busines , compiled by Mrs. Thelma Halliday, librarian, School of Business and Public Administration. 350 copies distributed free to business centers and cooperating agencies; 250 sold at $2.00 each.

d. "City Directories of Black Business" also by Mrs. Halliday.

e. A monthly national newletter, "Profits." (Designed to provide programatic information which can be used by centers to improve their management systems and to solve problems of their clients).

f. A manual "How to Organize a Minority Trade Association" (written by Leonard M. Black and based on a manuscript prepared by the Center describing its pioneer efforts in this field).

g. Nearly completed manual on "Developing an Inner City Industrial Park."

h. Nearly completed manual on "Preparing Feasibility Studies." (Written by Mrs. Del Behrend).

i. Negotiations for several others are underway, such as one on "Developing an Inner City Shopping Center" by Rev. Sullivan's National Progress Association for Economic Development, in Philadelphia.

j. Re-publishing of manuals prepared by the Center for the National Business League.

k. Editing and publishing of "Selected Industry Profiles for Minority Business Opportunity." Originally prepared by Business and Defense Services Administration, Department of Commerce, for SBA and used by the SBA Minority Enterprise staff. (To go to printers in November).

The major problem with the manuals has been that of getting the writers to approach the subjects from the point of view of the minority businessman and the center staff person; also to give emphasis to the How as well as the What-to-do. Another problem is that of getting written clearance on materials used. This has caused unfortunate delays. There is a great need to develop an outline for preparing manuals.

Other problems related by Mr. Robinson were:

a. Early contract termination date - September 30, 1970. This was resolved by a three month extension of the contract, from October 1, to December 31, 1970. The Office of Education also permitted a revision of the budget to use unspent salary expense for hiring consultants

to prepare manuals and for subsidizing expenses of Seminar participants.

b. Inadequate office space

1. Crowded condition at Georgia Avenue location
2. Crowded and uncomfortable quarters at present locations; delay in getting telephone service. More space has been promised by the University.

Following Mr. Robinson's report, Mr. Richard Madison discussed the seminar plan as originally proposed by the advisory board and its development to date. Two seminars have been completed: the Midwestern and Southeastern seminars, and three are scheduled before the end of December.

The Midwest Seminar was co-sponsored by the Central Region Economic Development Council; the Southeastern Seminar by the School of Business, Atlanta University, and the Western Seminar will be co-sponsored by PACT.

Mr. Madison emphasized that the seminars serve a three-fold purpose; first, to provide training; second, to establish the credibility of IMBE; and third, to help develop and cement intra-regional contracts between centers. He also acknowledged that help from board members in developing these seminars, particularly Mr. Garland Guice and Mrs. Del Behrend. He emphasized that by subsidizing the participants, in part, the Institute made certain the attendance of many persons in economic development who could not have otherwise attended.

In reporting on the implementation of the seminars, Mr. Leonard Black stated that the attendance and responsiveness of the participants was high. He pointed out that IMBE's goals were met, viz, to expose the participants to what they need to master in the techniques of business packaging, to make the participants aware of existing skills in their region, to establish the credibility of IMBE, and to encourage communication among participants in the same region.

In the absence of Mrs. Grace Madison, Mr. Madison reported on the survey of business centers made by IMBE in May, 1970. A questionnaire prepared by Mrs. Madison was sent to 500 centers, but replies have been received from only 200. Computer analysis showed that 160 were kinds of organizations to which IMBE is directed, that 118 are involved in starting businesses, that 110 are involved in business expansion, that 85 provide technical assistance.

The board members proposed that they be used to help obtain the 300 unreturned questionnaires by receiving from IMBE assignments on a regional basis. Board members would contact centers and ask them to cooperate in concluding the survey. Further, Mr. Newton Downing offered OMBE's services in completing the survey. OMBE's field men may be used to obtain answers to the questionnaires

as they talk by telephone with their representatives weekly in approximately 25 cities.

The survey must be completed, Mr. Madison emphasized, in order for IMBE to identify its "wholesale market" and to help centers define their problems, establish their programs, and determine their priorities.

The entire staff of the Institute attended the luncheon to hear the guest speakers and to meet the advisory board members.

Dr. Milton Wilson, Dean, School of Business and Public Administration welcomed the group and thanked Mr. Mack Hannah for joining the board. He said that this has been a year of planning at the school. The faculty has been assembled and 75 MBA candidates are expected in September, 1971, and 300 by end of five years. The main emphasis of the school will be on the graduate level, he said, and the plan is to develop a relevant program and to participate in the economic development of the community.

Dean Wilson introduced his assistant, Mr. James Jones, a faculty member of the School of Business and Public Administration.

Mr. Jay Leanse, deputy director, OMBE, stated that he had been on the job only four months and that he was pleased now to get out into the community to see how OMBE can be more effective. He expressed a keen interest in the Institute's program and promised that a representative of his agency would attend the Central Regional Seminar.

Mr. Arthur McZier, Assistant Administrator for Minority Enterprise, SBA, and a member of the advisory board, described the resources at SBA which are devoted to minority enterprise. He reported that 32 percent of the loans went to minorities in fiscal year 1969, loans totaling 104 million dollars went to minorities; in fiscal 1970 it was increased to 160 million. The fiscal 1971 goal is 200 million dollars. Speaking of the "406" program, he said that 20 organizations were given grants for management and technical assistance in fiscal 1969 totaling 1.7 million dollars. In fiscal 1970, 5 million in-grants were given to 42 organizations. On the "8-a" program he reported 197 contracts in fiscal 1970 for 21.8 million dollars to minority firms. The goal for fiscal 1971 is 100 million.

The afternoon session was devoted to the study, discussion and evaluation of the proposed 1971 program and proposal to be presented to the Office of Education for re-funding. The recommendations of the board growing out of both the morning and afternoon discussions are as follows:

1. IMBE's board should be comprised of the strongest economic development leaders from various regions.

2. IMBE has the responsibility of channeling successful economic development techniques and experiences into centers so that costly trial and error mistakes will be avoided.

3. IMBE should encourage an attitude on the part of center staff members which recognizes the need for promoting profitable businesses as opposed to non-profit or the so-called social work approach.

4. Convey to center staff members the danger of robbing clients of the learning process by doing the job for them, instead of showing them how to do it.

5. Consider making longer pre-seminar visits to regions so that even greater response to regional needs can be made.

6. Seek staff additions of persons capable of serving as trouble shooters for local centers and who can help bring various community groups together to further economic development.

7. Consider contracting with qualified consultants close to centers seeking help, in order to supplement staff efforts.

8. Consider in-depth research of several enterprises which failed, although they were supposed to be "flyers," and the development of case studies which analyze the reasons for failure as errors to be avoided.

9. Consider researching why entrepreneurial types don't come forward; what are their inhibitions and what can be done to overcome them.

10. Make clear on page 3 of the proposal that the Institute will assist centers in the various operations listed and not actually perform them for the centers.

11. Provide for attendance, by the information officer, at as many conferences as possible in order to obtain facts first-hand and to establish a communication network.

12. Insert the word "ethnic" on page 11, line 6, between "successful" and "business."

13. Make every effort to obtain a larger per diem payment for consultants; $100 is adequate.

On the motion of Mr. Hannah, seconded by Mrs. Behrend, the board voted unanimously to approve the proposed budget and program for 1971.

Mr. Robinson stated that the final form of the budget and proposal will be prepared and given to Dean Wilson. In approximately a week it will go to OMBE for approval, after which it will be presented to the Office of Education, Department of Health, Education and Welfare.

Copies of the final proposal and budget will be mailed to board members.

Dr. White commended Messrs. Robinson and Madison for the fine job;their alert and keen participation throughout the day. He adjourned the meeting at 4:30 p.m.

The following persons were in attendance:

Mrs. Del Behrend	Plan of Action Changing Times, Inc., (PACT) San Francisco, California
Newton Downing	Office of Minority Business Education (OMBE) Washington, D.C.
Mack Hannah, Jr.	Standard Savings and Loan Association Houston, Texas
Forrest Parr	Business and Job Development Corporation Pittsburgh, Pennsylvania
John Wilson	The Feronce Company Philadelphia, Pennsylvania
Arthur McZier	Small Business Administration Washington, D.C.
Dr. Wilford White	Small Business Guidance and Development Center Howard University
Leonard Black	IMBE Staff
Marie Jones	IMBE Staff
Richard Madison	IMBE Staff
George Robinson	IMBE Staff
J. Maurice Thomas	IMBE Staff
Josephine Trevathan	IMBE Staff

GUESTS

Dr. Milton Wilson	School of Business and Public Administration Howard University
James Jones	School of Business and Public Administration Howard University
Jay Leanse	Office of Minority Business Education (OMBE) Washington, D. C.